



Do These 3 Growth Stocks Still Offer Long-Term Potential?

Description

Not all growth stocks can still offer long-term potential. Here are some intriguing growth stocks to consider whether they (still) warrant a place in your portfolio.

BlackBerry: Still has something to prove

BlackBerry ([TSX:BB](#)) is an iconic [tech company](#) with a storied history. The company that gave the world the smartphone has since moved on to become a [cybersecurity](#) and Internet of Things-focused operation.

Much of that long-term potential can be traced back to QNX. QNX is BlackBerry's secure and modular operating system that is used to power a variety of high-risk, high-availability systems. This includes everything from medical devices and satellites to nuclear power plants and your vehicle's infotainment system.

Few may realize this, but QNX powers over 150 million vehicle infotainment systems. This also means that BlackBerry has a competitive advantage over many competitors in the autonomous vehicle market.

Unfortunately, for all that potential, and years of development, there's little to showcase in the form of tangible results. When that does eventually happen, BlackBerry will be one of the growth stocks to offer long-term potential.

Until then, there are far better options on the market to consider.

Bombardier: Revamped and renewed

Bombardier ([TSX:BBD.B](#)) is a plane manufacturer that has endured crisis after crisis for nearly a decade.

Today's Bombardier is very different. Bombardier has sold off most of its segments, including its iconic

rail business and passenger plane business. Bombardier's private business jet business remains its sole focus.

The selloff gave Bombardier the financial injection it needed to get its house in order. The reduced portfolio arguably gave Bombardier the singular focus it lacked.

The result is a revamped company that has released a refreshed line of private jets that have won the praise of customers and pilots alike.

In the most recent quarter, Bombardier reported revenues of \$1.5 billion and a 48% year-over-year improvement in adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization) to \$210 million. The company also boasts a \$15 billion backlog, with 120 deliveries scheduled for this year.

As a result, the stock is trading near flat year to date and outperforming the market.

Cineplex: Wait and see

Cineplex ([TSX:CGX](#)) is the largest entertainment company in Canada. The company is also the largest movie theatre operator in the country, and it's that segment that makes up the bulk of Cineplex's revenue stream. Unfortunately, unlike Bombardier, Cineplex still has numerous issues to work through.

First, Cineplex is overly reliant on its movie theatre business. That business was forced to close for extended periods during the pandemic, resulting in massive losses for Cineplex.

In the most recent quarter, Cineplex posted its best results since the pandemic began, posting a net income of \$1.3 million. In the same period last year, Cineplex reported a net loss of \$103.7 million.

While that improvement is promising, the company isn't out of danger yet.

Let's talk about the movie-and-popcorn business. The segment is in a decline that started well before the pandemic. Specifically, consumers are turning to the ease and simplicity of streaming content from home.

Let's not forget that a nearly unlimited content library from those streamers costs less than a single theatre admission. In a time where inflation is stretching budgets, and consumers are looking to save money, that doesn't bode well for Cineplex's recovery.

At the time of writing, Cineplex is down well over 25% year to date.

Not all growth stocks still offer long-term potential

BlackBerry, Cineplex, and Bombardier do have [long-term growth potential](#). What they also have is a varying element of risk represented by the different phases of their respective turnarounds.

In the case of Bombardier, the company has emerged leaner, stronger, and more focused. The company is also showing massive improvement and can be considered an intriguing option.

Cineplex is a different story. The entertainment behemoth is showing improvement in its core business and does hold long-term promise. Unfortunately, there are several external factors such as the impact of the overall economy and the unsettled manner of its **Cineworld** fallout to consider.

Unfortunately, BlackBerry still has something to show for all its work. BlackBerry will eventually offer long-term potential, but, as it stands now, there are far better (and less-risky) options to consider.

CATEGORY

1. Investing
2. Tech Stocks

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1. TSX:BB (BlackBerry)
2. TSX:BBD.B (Bombardier)
3. TSX:CGX (Cineplex Inc.)

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